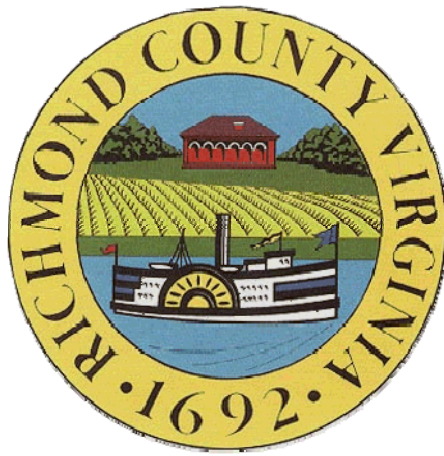


# COUNTY OF RICHMOND, VIRGINIA



## ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016



COUNTY OF RICHMOND, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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COUNTY OF RICHMOND, VIRGINIA

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BOARD OF SUPERVISORS

---

F. Lee Sanders, Chairperson

John David Parr  
William C. Herbert, II

Robert B. Pemberton  
Richard E. Thomas, Sr.

---

COUNTY SCHOOL BOARD

---

John A. Brown, Chairperson

Boyd K. Blackley, II  
Vivian G. Wood

Brenda H. Pemberton  
Patricia P. Pugh

---

SOCIAL SERVICES BOARD

---

David Cordes, Chairperson

Robert B. Pemberton  
W. Sue France  
Gordon Tolson

Neal Schools  
Nancy Finnegan

---

OTHER OFFICIALS

---

Judge of the Circuit Court.....	J. Overton Harris
Clerk of the Circuit Court .....	Cheryl B. Pierson
Judge of the General District Court .....	John R. Stevens
Judge of the Juvenile and Domestic Relations Court .....	Shannon O. Hoehl
Commonwealth's Attorney.....	Elizabeth Tribble
Commissioner of the Revenue .....	Jennifer W. Delano
Treasurer .....	Kristie S. Brann
Sheriff .....	Stephan B. Smith
Superintendent of Schools.....	James G. Smith
Director of Social Services.....	Vanessa Livingstone
County Administrator.....	R. Morgan Quicke

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COUNTY OF RICHMOND, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To The Honorable Members of the Board of Supervisors  
County of Richmond  
Warsaw, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 72, *Fair Value Measurement and Application*, 79 *Certain External Investment Pools and Pool Participants*, 82 *Pension Issues* - an amendment of GASB Statement No. 67, 68, and No. 73. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 75-76, and 77-82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Richmond, Virginia's basic financial statements. The introductory section, other supplementary information and the statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

*Other Information (continued)*

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2016, on our consideration of County of Richmond, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Richmond, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia  
November 25, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors  
To the Citizens of Richmond County  
County of Richmond, Virginia**

As management of the County of Richmond, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. Please read it in conjunction with the County's basic financial statements, which follow this section.

### **Financial Highlights**

#### **Government-wide Financial Statements**

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,647,104 (net position).

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$322,178 (Exhibit 5) after making contributions totaling \$4,952,629 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$300,810, a decrease of \$322,178 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was (\$56,958), or (0.4%) of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$594,540 during the current fiscal year.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Richmond, Virginia itself (known as the primary government), but also a legally separate school district, and industrial development authority and for which the County of Richmond, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Richmond, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

## **Overview of the Financial Statements (Continued)**

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds – the General Fund, the Capital Projects Fund and the Sheriff's Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board, and Industrial Development Authority. The Component Units do not issue separate financial statements.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,647,104 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net position:

<b>County of Richmond, Virginia's Net Position</b>			
	<b>Governmental Activities</b>		
	<b>2016</b>	<b>2015</b>	
Current and other assets	\$ 1,516,595	\$ 1,953,026	
Capital assets	<u>22,280,961</u>	<u>24,358,723</u>	
Total assets	<u>\$ 23,797,556</u>	<u>\$ 26,311,749</u>	
Deferred outflows of resources	<u>\$ 333,020</u>	<u>\$ 288,692</u>	
Current liabilities	\$ 967,002	\$ 1,138,210	
Long-term liabilities outstanding	<u>19,162,371</u>	<u>19,756,911</u>	
Total liabilities	<u>\$ 20,129,373</u>	<u>\$ 20,895,121</u>	
Deferred inflows of resources	<u>\$ 354,099</u>	<u>\$ 732,762</u>	
Net position:			
Net investment in capital assets	\$ 4,191,189	\$ 5,795,147	
Unrestricted	<u>(544,085)</u>	<u>(822,589)</u>	
Total net position	<u><u>\$ 3,647,104</u></u>	<u><u>\$ 4,972,558</u></u>	

**Government-wide Financial Analysis (Continued)**

The County's net position decreased by \$1,325,454 during the current fiscal year. The following table summarizes the County's Statement of Activities.

**County of Richmond, Virginia's Changes in Net Position**

	<b><u>Governmental Activities</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Charges for services	\$ 436,188	\$ 413,529
Operating grants and contributions	2,933,962	2,526,648
General property taxes	7,682,309	7,360,601
Other local taxes	1,508,226	1,323,118
Contributions from Richmond County School Board	-	-
Contributions from Richmond County IDA	-	75,000
Grants and other contributions not restricted	1,144,085	1,204,750
Other general revenues	<u>165,579</u>	<u>215,368</u>
Total revenues	\$ <u>13,870,349</u>	\$ <u>13,119,014</u>
General government administration	\$ 1,201,406	\$ 1,010,419
Judicial administration	670,488	672,506
Public safety	2,493,259	2,387,427
Public works	1,023,874	895,848
Health and welfare	1,630,672	1,570,764
Education	7,274,186	5,215,355
Parks, recreation, and cultural	88,765	115,768
Community development	229,255	233,541
Interest and other fiscal charges	<u>583,898</u>	<u>589,396</u>
Total expenses	\$ <u>15,195,803</u>	\$ <u>12,691,024</u>
Change in net position	\$ (1,325,454)	\$ 427,990
Net position, beginning of year	<u>4,972,558</u>	<u>4,544,568</u>
Net position, end of year	<u>\$ <u>3,647,104</u></u>	<u>\$ <u>4,972,558</u></u>

## **Financial Analysis of the County's Funds**

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$300,810, a decrease of \$322,178 in comparison with the prior year. Approximately (18.9%) of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

## **General Fund Budgetary Highlights**

During the year, revenues and other sources were in excess of budgetary estimates by \$613,697. Budgetary estimates exceeded expenditures and other uses by \$301,254 resulting in a positive variance of \$914,951 for net change in fund balance.

## **Capital Asset and Debt Administration**

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2016 amounts to \$22,280,961 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$17,603,941. Of this amount, \$16,061,983 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds and notes).

The County's total debt decreased by \$890,295 during the current fiscal year.

Additional information on the County of Richmond, Virginia's long-term debt can be found in the notes of this report.

### **Economic Factors and Next Year's Budgets and Rates**

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2017 fiscal year.

The fiscal year 2017 budget increased by approximately 2% and tax rates for both personal property and machinery and tools increased.

### **Requests for Information**

This financial report is designed to provide a general overview of the County of Richmond, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1000, Warsaw, Virginia 22572.

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## *BASIC FINANCIAL STATEMENTS*

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## *GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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County of Richmond, Virginia  
Statement of Net Position  
June 30, 2016

	Primary Governmental Activities	Component Units School Board	IDA
<b>ASSETS</b>			
Cash and cash equivalents	\$ 497,096	\$ 93,500	\$ 56,022
Receivables (net of allowance for uncollectibles):			
Taxes receivable	401,578	-	-
Accounts receivable	92,816	126,079	-
Restricted investments	50,954	-	-
Due from other governmental units	474,151	898,177	-
Inventories	-	13,652	-
Net pension asset	-	162,996	-
Capital assets (net of accumulated depreciation):			
Land	445,497	28,062	56,739
Buildings and improvements	21,180,132	3,928,717	-
Machinery, equipment and vehicles	655,332	883,917	-
Total assets	<u>\$ 23,797,556</u>	<u>\$ 6,135,100</u>	<u>\$ 112,761</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	\$ 281,909	\$ 985,393	\$ -
Items related to measurement of net pension liability	51,111	19,590	-
Total deferred outflows of resources	<u>\$ 333,020</u>	<u>\$ 1,004,983</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 183,823	\$ 104,647	\$ -
Accrued liabilities	-	926,832	-
Accrued interest payable	165,107	-	-
Bonds held for others	90,130	-	-
Due to other governmental units	506,354	-	-
Unearned revenue	21,588	-	-
Long-term liabilities:			
Due within one year	948,215	90,768	-
Due in more than one year	18,214,156	11,005,112	-
Total liabilities	<u>\$ 20,129,373</u>	<u>\$ 12,127,359</u>	<u>\$ -</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 45,003	\$ -	\$ -
Items related to measurement of net pension liability	309,096	936,485	-
Total deferred inflow of resources	<u>\$ 354,099</u>	<u>\$ 936,485</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 4,191,189	\$ 4,612,234	\$ 56,739
Unrestricted (deficit)	(544,085)	(10,535,995)	56,022
Total net position	<u>\$ 3,647,104</u>	<u>\$ (5,923,761)</u>	<u>\$ 112,761</u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia  
Statement of Activities  
For the Year Ended June 30, 2016

				Net (Expense) Revenue and Changes in Net Position		
				Primary		
				Government	Component Units	
Functions/Programs	Expenses	Charges for	Operating	Governmental	School Board	IDA
		Services	Grants and	Activities		
			Contributions			
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,201,406	\$ 867	\$ 223,214	\$ (977,325)		
Judicial administration	670,488	5,592	320,721	(344,175)		
Public safety	2,493,259	429,729	974,392	(1,089,138)		
Public works	1,023,874	-	-	(1,023,874)		
Health and welfare	1,630,672	-	1,019,516	(611,156)		
Education	7,274,186	-	143,338	(7,130,848)		
Parks, recreation, and cultural	88,765	-	35,000	(53,765)		
Community development	229,255	-	-	(229,255)		
Interest on long-term debt	583,898	-	217,781	(366,117)		
Total governmental activities	\$ 15,195,803	\$ 436,188	\$ 2,933,962	\$ (11,825,653)		
Total primary government	\$ 15,195,803	\$ 436,188	\$ 2,933,962			
COMPONENT UNITS:						
School Board	\$ 14,389,090	\$ 120,068	\$ 8,969,574		\$ (5,299,448)	\$ -
IDA	28,596	2,300	-		-	(26,296)
Total component units	\$ 14,417,686	\$ 122,368	\$ 8,969,574		\$ (5,299,448)	\$ (26,296)
General revenues:						
General property taxes				\$ 7,682,309	\$ -	\$ -
Other local taxes:						
Local sales and use taxes				1,306,484	-	-
Other local taxes				201,742	-	-
Unrestricted revenues from use of money and property				16,539	4,558	21
Miscellaneous				149,040	406,686	13,612
Grants and contributions not restricted to specific programs				1,144,085	162,000	-
Contributions from Richmond County				-	6,907,417	-
Total general revenues				\$ 10,500,199	\$ 7,480,661	\$ 13,633
Change in net position				\$ (1,325,454)	\$ 2,181,213	\$ (12,663)
Net position - beginning, as restated				4,972,558	(8,104,974)	125,424
Net position - ending				\$ 3,647,104	\$ (5,923,761)	\$ 112,761

The notes to the financial statements are an integral part of this statement.

## *FUND FINANCIAL STATEMENTS*

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County of Richmond, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2016

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Sheriff's <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 462,788	\$ -	\$ 34,308	\$ 497,096
Receivables (net of allowance for uncollectibles):				
Taxes receivable	401,578	-	-	401,578
Accounts receivable	92,816	-	-	92,816
Restricted investment	-	50,954	-	50,954
Due from other governmental units	474,151	-	-	474,151
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 1,431,333</u>	<u>\$ 50,954</u>	<u>\$ 34,308</u>	<u>\$ 1,516,595</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 183,823	\$ -	\$ -	\$ 183,823
Bonds held for others	90,130	-	-	90,130
Due to other governmental units	506,354	-	-	506,354
Unearned revenue	-	-	21,588	21,588
Total liabilities	<u>\$ 780,307</u>	<u>\$ -</u>	<u>\$ 21,588</u>	<u>\$ 801,895</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 413,890	\$ -	\$ -	\$ 413,890
Total deferred inflow of resources	<u>\$ 413,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,890</u>
Fund balances:				
Restricted	\$ -	\$ 50,954	\$ 12,720	\$ 63,674
Committed	12,149	-	-	12,149
Assigned	281,945	-	-	281,945
Unassigned	(56,958)	-	-	(56,958)
Total fund balances	<u>\$ 237,136</u>	<u>\$ 50,954</u>	<u>\$ 12,720</u>	<u>\$ 300,810</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,431,333</u>	<u>\$ 50,954</u>	<u>\$ 34,308</u>	<u>\$ 1,516,595</u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2016

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	300,810
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 31,398,762	
Accumulated depreciation	<u>(9,117,801)</u>	22,280,961

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.

Unavailable revenue - property taxes	\$ 368,887	
Items related to measurement of net pension liability	<u>(309,096)</u>	59,791

Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		281,909
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Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bonds	\$ (1,469,014)	
General obligations bonds	(16,061,983)	
Capital lease	(75,101)	
USDA loan	(26,685)	
Notes payable	(72,944)	
Compensated absences	(124,054)	
Deferred issuance premium	(434,999)	
Net OPEB obligation	(40,184)	
Net pension liability	(857,407)	
Deferred outflows related to measurement of net pension liability	51,111	
Accrued interest payable	<u>(165,107)</u>	(19,276,367)

Net position of governmental activities	\$	<u><u>3,647,104</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	General Fund	Capital Projects Fund	Sheriff's Fund	Total
<b>REVENUES</b>				
General property taxes	\$ 7,647,553	\$ -	\$ -	\$ 7,647,553
Other local taxes	1,508,226	-	-	1,508,226
Permits, privilege fees, and regulatory licenses	54,875	-	-	54,875
Fines and forfeitures	41,110	-	-	41,110
Revenue from the use of money and property	16,040	499	-	16,539
Charges for services	340,203	-	-	340,203
Miscellaneous	149,040	-	-	149,040
Recovered costs	781,425	-	-	781,425
Intergovernmental:				
Commonwealth	3,233,068	-	-	3,233,068
Federal	792,054	-	52,925	844,979
Total revenues	\$ 14,563,594	\$ 499	\$ 52,925	\$ 14,617,018
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,221,390	\$ -	\$ -	\$ 1,221,390
Judicial administration	629,439	-	-	629,439
Public safety	2,670,798	-	62,018	2,732,816
Public works	1,041,407	-	-	1,041,407
Health and welfare	2,222,780	-	-	2,222,780
Education	4,962,276	-	-	4,962,276
Parks, recreation, and cultural	167,886	-	-	167,886
Community development	217,722	-	-	217,722
Nondepartmental	66,227	-	-	66,227
Capital projects	238,509	-	-	238,509
Debt service:				
Principal retirement	903,709	-	-	903,709
Interest and other fiscal charges	650,235	-	-	650,235
Total expenditures	\$ 14,992,378	\$ -	\$ 62,018	\$ 15,054,396
Excess (deficiency) of revenues over (under) expenditures	\$ (428,784)	\$ 499	\$ (9,093)	\$ (437,378)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 165,735	\$ -	\$ -	\$ 165,735
Transfers out	-	(165,735)	-	(165,735)
Issuance of USDA loan	32,200	-	-	32,200
Issuance of capital lease	83,000	-	-	83,000
Total other financing sources (uses)	\$ 280,935	\$ (165,735)	\$ -	\$ 115,200
Net change in fund balances	\$ (147,849)	\$ (165,236)	\$ (9,093)	\$ (322,178)
Fund balances - beginning, as restated	384,985	216,190	21,813	622,988
Fund balances - ending	\$ 237,136	\$ 50,954	\$ 12,720	\$ 300,810

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2016

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (322,178)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 476,117	
Depreciation expense	(599,091)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	(1,954,788)	(2,077,762)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 34,756	
Decrease (increase) in items related to measurement of net pension liability	393,715	428,471

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect differences in the treatment of long-term obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 331,188	
Principal retirement on general obligation bonds	526,459	
Principal retirement on note payable	32,648	
Principal retirement on capital lease	7,899	
Principal retirement on USDA loan	5,515	
Issuance of capital lease	(83,000)	
Issuance of USDA loan	(32,200)	788,509

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Amortization of bond premium	\$ 59,190	
(Increase) decrease in compensated absences	26,111	
(Increase) decrease in net OPEB obligation	(5,832)	
(Increase) decrease in net pension liability	(273,438)	
(Increase) decrease in deferred outflows related to pension payments subsequent to the measurement date	(6,783)	
Increase (decrease) in deferred outflows related to measurement of net pension liability	51,111	
(Increase) decrease in accrued interest payable	7,147	(142,494)

Change in net position of governmental activities		<u>\$ (1,325,454)</u>
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The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

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	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 468,893
Total assets	<u>\$ 468,893</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 22,233
Amounts held for social services clients	11,431
Amounts held for Northern Neck Regional Vocational Center	435,229
Total liabilities	<u>\$ 468,893</u>

The notes to the financial statements are an integral part of this statement.

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# COUNTY OF RICHMOND, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2016

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### Note 1—Summary of Significant Accounting Policies:

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The County of Richmond, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police, refuse disposal, recreational activities, cultural events, education, and social services.

The financial statements of the County of Richmond, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

### Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

## COUNTY OF RICHMOND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2016

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#### *Note 1—Summary of Significant Accounting Policies: (Continued)*

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Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual reports including a requirement to report the government's original budget with the comparison of final budget and actual results.

#### A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Richmond (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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**B. Individual Component Unit Disclosures**

*Blended Component Unit.*

The County has no blended component units at June 30, 2016.

*Discretely Presented Component Units.*

The Richmond County School Board members are appointed by the Richmond County School Board Selection Commission. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2016.

The Richmond County Industrial Development Authority is responsible for industrial and commercial development in the County. The Board of Supervisors appoints the Authority board members. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2016. The Authority does not issue a separate financial report.

**C. Other Related Organizations Included in the County's Financial Report**

None

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

*Note 1—Summary of Significant Accounting Policies: (Continued)*

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**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following governmental funds.

**a. General Fund**

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund.

**b. Special Revenue Funds**

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund the is the Sheriff's Fund, which is considered a major fund.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

2. Fiduciary Funds - (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds.

The County's Agency Funds include Library, Special Welfare, Local Sales Tax and Northern Neck Regional Vocational Center. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation, but have no measurement focus. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$76,176 at June 30, 2016 and is comprised solely of property taxes.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	50
Vehicles	5
Buses	10
Equipment	10

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

L. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

M. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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M. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 1—Summary of Significant Accounting Policies: (Continued)*

**N. Fund Equity (Continued)**

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sheriff's Fund</u>	<u>Total</u>
Fund balances:				
Restricted:				
Drug seizure	\$ -	\$ -	\$ 12,720	\$ 12,720
School construction	-	50,954	-	50,954
Total restricted fund balance	\$ -	\$ 50,954	\$ 12,720	\$ 63,674
Committed:				
Courthouse maintenance	\$ 12,149	\$ -	\$ -	\$ 12,149
Total committed fund balance	\$ 12,149	\$ -	\$ -	\$ 12,149
Assigned:				
Reassessment fund	\$ 30,000	\$ -	\$ -	\$ 30,000
Asset forfeiture	16	-	-	16
Bond holding fund	90,621	-	-	90,621
Capital improvement fund	54,054	-	-	54,054
EMS retention	26,928	-	-	26,928
RCPS CIP fund	50,000	-	-	50,000
Ambulance purchase	30,326	-	-	30,326
Total assigned fund balance	\$ 281,945	\$ -	\$ -	\$ 281,945
Unassigned	\$ (56,958)	\$ -	\$ -	\$ (56,958)
Total fund balances	\$ 237,136	\$ 50,954	\$ 12,720	\$ 300,810

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*Note 1—Summary of Significant Accounting Policies: (Continued)*

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**O. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability (asset). These include the differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension plan investments and contributions to the pension plan made during the current year and subsequent to the net pension liability (asset) measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on this item, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and prepaid amounts on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability (asset) are reported as deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

**P. Adoption of Accounting Principles**

**Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application***

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72.

*Note 1—Summary of Significant Accounting Policies: (Continued)*

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P. Adoption of Accounting Principles

*Governmental Accounting Standards Board Statement No. 79, Certain External Investment Pools and Pool Participants*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79.

*Governmental Accounting Standards Board Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

*Note 2—Stewardship, Compliance, and Accounting:*

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The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before March 30<sup>th</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 2—Stewardship, Compliance, and Accounting: (Continued)*

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4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures exceeded appropriations in the Sheriff's Fund and School Operating Fund at June 30, 2016.

*Note 3—Deposits and Investments:*

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Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 3—Deposits and Investments: (Continued)*

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2016 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Rating</u>
	<u>AAAm</u>
Virginia State Non-Arbitrage Program	<u>\$ 50,954</u>

Interest Rate Risk

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Virginia State Non-Arbitrage Program	<u>\$ 50,954</u>	<u>\$ 50,954</u>
Total	<u>\$ 50,954</u>	<u>\$ 50,954</u>

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the SNAP is the same as the value of the pool shares. SNAP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There is no withdrawal limitations or restrictions imposed on participants.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 4—Due from/to Other Governments:*

At June 30, 2016, amounts due from other governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Richmond, Virginia	\$ -	\$ 506,354
Commonwealth of Virginia:		
Mobile home titling tax	3,572	-
Motor vehicle carriers' tax	314	-
Recordation tax	3,106	-
Rolling stock tax	-	-
Welfare	23,474	-
State sales Tax	-	208,373
Local sales tax	209,430	-
Constitutional officer reimbursements	93,126	-
Domestic violence	-	-
Comprehensive services act	35,857	-
Communications tax	48,601	-
Wireless grant	7,277	-
Wireless equipment grant	928	-
Other state funds	847	-
Federal Government:		
School fund grants	-	183,450
Ground transportation safety grant	4,321	-
Byrne justice assistance grant program	4,422	-
Welfare	38,876	-
Total due from other governments	<u>\$ 474,151</u>	<u>\$ 898,177</u>

At June 30, 2016, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Richmond County School Board	\$ 506,354	\$ -
	<u>\$ 506,354</u>	<u>\$ -</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 5—Interfund Obligations:*

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Details of the County and School Board's interfund receivables and payables as of June 30, 2016, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
School Board		
School Operating Fund	\$ -	\$ 27,522
School Cafeteria Fund	27,522	-
Total School Board Funds	\$ <u>27,522</u>	\$ <u>27,522</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 6—Capital Assets:*

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<i>Primary Government:</i>				
Capital assets not subject to depreciation:				
Land	\$ 409,475	\$ 36,022	\$ -	\$ 445,497
Construction in Progress	16,125,256	116,483	16,241,739	-
Total capital assets not subject to depreciation	<u>\$ 16,534,731</u>	<u>\$ 152,505</u>	<u>\$ 16,241,739</u>	<u>\$ 445,497</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 7,047,819	\$ 232,709	\$ -	\$ 7,280,528
Machinery, equipment, and vehicles	1,871,850	287,444	-	2,159,294
Jointly owned assets	5,479,171	16,189,612	155,340	21,513,443
Total capital assets subject to depreciation	<u>\$ 14,398,840</u>	<u>\$ 16,709,765</u>	<u>\$ 155,340</u>	<u>\$ 30,953,265</u>
Accumulated depreciation:				
Buildings and improvements	\$ 1,994,184	\$ 168,195	\$ -	\$ 2,162,379
Machinery, equipment, and vehicles	1,308,162	195,800	-	1,503,962
Jointly owned assets	3,272,502	235,096	(1,943,862)	5,451,460
Total accumulated depreciation	<u>\$ 6,574,848</u>	<u>\$ 599,091</u>	<u>\$ (1,943,862)</u>	<u>\$ 9,117,801</u>
Total capital assets subject to depreciation, net	<u>\$ 7,823,992</u>	<u>\$ 16,110,674</u>	<u>\$ 2,099,202</u>	<u>\$ 21,835,464</u>
Governmental activities capital assets, net	<u><u>\$ 24,358,723</u></u>	<u><u>\$ 16,263,179</u></u>	<u><u>\$ 18,340,941</u></u>	<u><u>\$ 22,280,961</u></u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 6—Capital Assets: (Continued)*

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 64,085	\$ -	\$ 36,023	\$ 28,062
Total capital assets not subject to depreciation	\$ 64,085	\$ -	\$ 36,023	\$ 28,062
Capital assets subject to depreciation:				
Buildings and improvements	\$ 235,943	\$ -	\$ -	\$ 235,943
Machinery, equipment, and vehicles	2,876,958	287,867	216,674	2,948,151
Jointly owned assets	5,127,636	-	43,547	5,084,089
Total capital assets subject to depreciation	\$ 8,240,537	\$ 287,867	\$ 260,221	\$ 8,268,183
Accumulated depreciation:				
Buildings and improvements	\$ 16,832	\$ 126,285	\$ -	\$ 143,117
Machinery, equipment, and vehicles	2,079,679	192,585	208,030	2,064,234
Jointly owned assets	3,062,543	220,013	2,034,358	1,248,198
Total accumulated depreciation	\$ 5,159,054	\$ 538,883	\$ 2,242,388	\$ 3,455,549
Total capital assets subject to depreciation, net	\$ 3,081,483	\$ (251,016)	\$ (1,982,167)	\$ 4,812,634
Governmental activities capital assets, net	\$ 3,145,568	\$ (251,016)	\$ (1,946,144)	\$ 4,840,696

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 33,051
Judicial administration	141,745
Public safety	161,860
Public works	2,995
Health and welfare	4,164
Education	235,096
Parks, recreation and cultural	4,022
Community development	16,158
Total Governmental activities	\$ 599,091
Component Unit School Board	\$ 538,883

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 7—Long-Term Obligations:*

Primary Government:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2016:

	Balance at July 1, 2015	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2016	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 150,165	\$ 15,017	\$ 41,128	\$ 124,054	\$ 12,405
Lease revenue bonds	1,800,202	-	331,188	1,469,014	346,441
USDA loan	-	32,200	5,515	26,685	6,190
Capital lease	-	83,000	7,899	75,101	16,059
Notes payable	105,592	-	32,648	72,944	33,372
Add deferred amounts:					
Issuance premium	176,195	-	44,048	132,147	-
Net pension liability	583,969	1,216,420	942,982	857,407	-
Net OPEB obligation	34,352	12,832	7,000	40,184	-
Total incurred by County	<u>\$ 2,850,475</u>	<u>\$ 1,359,469</u>	<u>\$ 1,412,408</u>	<u>\$ 2,797,536</u>	<u>\$ 414,467</u>
Incurred by School Board:					
General obligation bonds	\$ 16,588,442	\$ -	\$ 526,459	\$ 16,061,983	\$ 533,748
Add deferred amounts:					
Issuance premium	317,994	-	15,142	302,852	-
Total incurred by School Board	<u>\$ 16,906,436</u>	<u>\$ -</u>	<u>\$ 541,601</u>	<u>\$ 16,364,835</u>	<u>\$ 533,748</u>
Total Governmental Activities Obligations	<u>\$ 19,756,911</u>	<u>\$ 1,359,469</u>	<u>\$ 1,954,009</u>	<u>\$ 19,162,371</u>	<u>\$ 948,215</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 7—Long-Term Obligations: (Continued)*

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	County Obligations					
	Lease Revenue Bonds		USDA Loan		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 346,441	\$ 55,537	\$ 6,190	\$ 866	\$ 33,372	\$ 1,631
2018	356,703	39,819	6,418	638	34,033	888
2019	376,976	24,221	6,654	402	5,188	128
2020	388,894	8,564	6,900	156	351	25
2021	-	-	523	38	-	-
Total	<u>\$ 1,469,014</u>	<u>\$ 128,141</u>	<u>\$ 26,685</u>	<u>\$ 2,100</u>	<u>\$ 72,944</u>	<u>\$ 2,672</u>

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2017	\$ 533,748	\$ 519,860
2018	540,930	508,546
2019	553,438	497,669
2020	561,317	490,311
2021	854,559	479,877
2022	869,559	463,086
2023	884,558	447,312
2024	899,558	434,481
2025	900,526	424,226
2026	910,526	414,324
2027	920,526	403,629
2028	883,467	386,478
2029	903,467	365,583
2030	923,467	346,979
2031	943,467	327,763
2032	963,467	307,939
2033	983,467	287,503
2034	1,003,467	266,459
2035	1,028,469	127,891
Total	<u>\$ 16,061,983</u>	<u>\$ 7,499,916</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 7—Long-Term Obligations: (Continued)*

Primary Government: (Continued)

Details of Long-Term Obligations:

Incurred by County:

Lease Revenue Bonds:

\$2,660,000 VRA refunding bonds issued November 17, 2011, due in annual principal installments through November 1, 2019, interest payable semi-annually at various rates.

Total Amount
\$ 1,445,000

\$59,800 USDA revenue bonds issued January 29, 2010, due in monthly principal installments through December 19, 2019, interest payable monthly at 4%.

24,014
--------

Total Lease Revenue Bonds

\$ 1,469,014
--------------

USDA Loan:

\$32,200 USDA loan issued July 24, 2015, due in monthly installments of \$588 through July 24, 2020 with interest due at 3.625%.

\$ 26,685
-----------

Capital Lease:

\$83,000 capital lease issued July 16, 2015, due in semi-annual installments of \$8,808 through July 2020. Interest at 2.189%.

\$ 75,101
-----------

Notes Payable:

\$140,332 note payable to Peoples Community Bank issued September 12, 2012, due in annual principal installments through September 12, 2017, interest payable annually at 1.9%.

\$ 57,630
-----------

\$24,000 USDA note payable issued July 10, 2014, due in monthly principal installments through July 1, 2019, interest payable monthly at 4%.

15,314
--------

Total Notes Payable

\$ 72,944
-----------

Issuance premium

\$ 132,147
------------

Compensated absences (payable by General Fund)

\$ 124,054
------------

Net pension liability

\$ 857,407
------------

Net OPEB obligation (payable by General Fund)

\$ 40,184
-----------

Total incurred by County

\$ 2,797,536
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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 7—Long-Term Obligations: (Continued)*

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Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$1,999,022 School bonds issued November 19, 1998, due in varying annual installments of principal and interest through January 15, 2019, interest payable semi-annually ranges from 3.6% to 5.1%.	\$ 334,693
\$2,500,000 School bonds issued September 1, 2010, due in annual principal installments of \$147,059 through September 1, 2026. This bond is interest-free.	1,617,647
\$6,085,183 School bonds issued October 31, 2012, due in varying annual installments of principal and interest through December 1, 2034, interest payable semi-annually at the rate of 3.84% per annum.	5,689,643
\$8,770,000 School bonds issued November 15, 2012, due in varying annual installments of principal and interest through July 15, 2034, interest payable semi-annually ranges from 2.05% to 5.05%.	8,420,000
Total General Obligation Bonds	<u>\$ 16,061,983</u>
Bond issuance premium	<u>\$ 302,852</u>
Total incurred by School Board	<u>\$ 16,364,835</u>
Total Long-Term Obligations, Primary Government	<u><u>\$ 19,162,371</u></u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 7—Long-Term Obligations: (Continued)*

Component Unit-School Board:

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2016:

	Balance at July 1, 2015	Increases	Decreases	Balance at June 30, 2016	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 157,546	\$ 1,231	\$ 15,755	\$ 143,022	\$ 14,302
Capital leases	303,180	-	74,718	228,462	76,466
Net pension liability	10,155,000	2,419,000	1,983,000	10,591,000	-
Net OPEB obligation	134,701	59,295	60,600	133,396	-
Total Component Unit-School Board	<u>\$ 10,750,427</u>	<u>\$ 2,479,526</u>	<u>\$ 2,134,073</u>	<u>\$ 11,095,880</u>	<u>\$ 90,768</u>

Details of Long-Term Obligations:

	Total Amount
<u>Incurred by School Board:</u>	
<u>Capital Leases:</u>	
\$56,000 capital lease (payable from the School Fund) issued November 11, 2013, principal due in monthly installments of \$933 through February 2019. Interest at 0.0%.	\$ 28,933
\$16,624 capital lease (payable from the School Fund) issued December 11, 2013, principal due in monthly installments of \$227 through December 11, 2018. Interest at 0.0%.	8,317
\$309,927 capital lease (payable from the School Fund) issued June 24, 2014, principal due in monthly installments of \$5,547 through June 24, 2019, including interest of 2.80%.	191,212
Total Capital Leases	<u>\$ 228,462</u>
Compensated absences	<u>\$ 143,022</u>
Net pension liability	<u>\$ 10,591,000</u>
Net OPEB obligation	<u>\$ 133,396</u>
Total incurred by School Board	<u>\$ 11,095,880</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 8—Capital Leases:*

The government has entered into a lease agreement as lessee for financing the acquisition of voting machines, buses, IT equipment and a tractor. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	County	School Board
	\$ 73,860	\$ -
Tractor	-	18,484
Buses	-	309,888
Servers	-	56,000
Less: Accumulated depreciation	(14,772)	(137,657)
Total	<u>\$ 59,088</u>	<u>\$ 246,715</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2016 are as follows:

Year Ended June 30	County	School Board
2017	\$ 8,808	\$ 81,094
2018	17,616	81,094
2019	17,616	74,763
2020	17,616	-
2021	17,616	-
Total minimum lease payments	\$ 79,272	\$ 236,951
Less: amount representing interest	(4,171)	(8,489)
Present value of minimum lease payments	<u>\$ 75,101</u>	<u>\$ 228,462</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 9—Unearned and Deferred/Unavailable Revenue:*

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Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned and unavailable/deferred revenue is comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$368,887 at June 30, 2016.

Unavailable Prepaid Property Taxes - Property taxes due subsequent to June 30, 2016 but paid in advance by the taxpayers totaled \$45,003 at June 30, 2016.

Unearned Revenue - Other unearned revenue items totaled \$21,588 at June 30, 2016, which consisted of forfeited asset grant funds.

*Note 10—Commitments and Contingent Liabilities:*

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Federal programs in which the County and all discretely presented component unit participate were audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

*Note 11—Litigation:*

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At June 30, 2016, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

*Note 12—Risk Management:*

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The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the VACO Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 12—Risk Management: (Continued)*

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Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VACO contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

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**Note 13—Pension Plan:****Plan Description**

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) <ul style="list-style-type: none"> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election (Cont.)</b> Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members (Cont.)</b> Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Creditable Service</b> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <u><b>Defined Benefit Component:</b></u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u><b>Defined Contributions Component:</b></u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u><b>Defined Benefit Component:</b></u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u><b>Defined Contributions Component:</b></u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.)  <u>Defined Contributions Component: (Cont.)</u>            Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit            The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit            See definition under Plan 1.</p>	<p>Calculating the Benefit  <u>Defined Benefit Component:</u>            See definition under Plan 1.</p>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

**Note 13—Pension Plan: (Continued)**

**Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul> <p>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u>Defined Contribution Component:</u> Not applicable.</p>

**Note 13—Pension Plan: (Continued)****Plan Description (Continued)**

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Employees Covered by Benefit Terms**

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	39	4
Inactive members:		
Vested inactive members	11	1
Non-vested inactive members	17	2
Inactive members active elsewhere in VRS	36	2
Total inactive members	64	5
Active members	65	8
Total covered employees	168	17

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2016 was 10.84% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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**Note 13—Pension Plan: (Continued)**

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***Contributions (Continued)***

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$281,909 and \$286,796 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 4.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$3,947 and \$9,175 for the years ended June 30, 2016 and June 30, 2015, respectively.

***Net Pension Liability (Asset)***

The County's and Component Unit School Board's (nonprofessional) net pension liability (asset) were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liability (asset) were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

***Note 13—Pension Plan: (Continued)***

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***Actuarial Assumptions - General Employees (Continued)***

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**Note 13—Pension Plan: (Continued)****Actuarial Assumptions - Public Safety Employees**

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

## Largest 10 - Non-LEOS:

## Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

## Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

## Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

## All Others (Non 10 Largest) - Non-LEOS:

## Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

## Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

## Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

***Note 13—Pension Plan: (Continued)***

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***Actuarial Assumptions - Public Safety Employees (Continued)***

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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**Note 13—Pension Plan: (Continued)****Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

**Note 13—Pension Plan: (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 12,049,287	\$ 11,465,318	\$ 583,969
Changes for the year:			
Service cost	\$ 312,395	\$ -	\$ 312,395
Interest	823,735	-	823,735
Differences between expected and actual experience	72,953	-	72,953
Contributions - employer	-	286,796	(286,796)
Contributions - employee	-	131,462	(131,462)
Net investment income	-	524,724	(524,724)
Benefit payments, including refunds of employee contributions	(563,297)	(563,297)	-
Administrative expenses	-	(7,222)	7,222
Other changes	-	(115)	115
Net changes	\$ 645,786	\$ 372,348	\$ 273,438
Balances at June 30, 2015	\$ 12,695,073	\$ 11,837,666	\$ 857,407

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

**Note 13—Pension Plan: (Continued)**

**Changes in Net Pension Liability (Asset)**

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 630,545	\$ 811,140	\$ (180,595)
Changes for the year:			
Service cost	\$ 22,347	\$ -	\$ 22,347
Interest	43,291	-	43,291
Differences between expected and actual experience	8,918	-	8,918
Contributions - employer	-	9,175	(9,175)
Contributions - employee	-	11,112	(11,112)
Net investment income	-	37,184	(37,184)
Benefit payments, including refunds of employee contributions	(24,197)	(24,197)	-
Administrative expenses	-	(506)	506
Other changes	-	(8)	8
Net changes	\$ 50,359	\$ 32,760	\$ 17,599
Balances at June 30, 2015	\$ 680,904	\$ 843,900	\$ (162,996)

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 2,377,170	\$ 857,407	\$ (408,197)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (81,204)	\$ (162,996)	\$ (231,883)

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

**Note 13—Pension Plan: (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$115,408 and (\$6,715) respectively. At June 30, 2016, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,111	\$ -	\$ 5,590	\$ -
Change in assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	309,096	-	21,485
Employer contributions subsequent to the measurement date	281,909	-	3,947	-
Total	<u>\$ 333,020</u>	<u>\$ 309,096</u>	<u>\$ 9,537</u>	<u>\$ 21,485</u>

\$281,909 and \$3,947 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2017	\$ (99,358)	\$ (5,130)
2018	(99,358)	(6,196)
2019	(113,772)	(8,458)
2020	54,503	3,889
Thereafter	-	-

***Note 13—Pension Plan: (Continued)***

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**Component Unit School Board (professional)**

***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$981,446 and \$907,206 for the years ended June 30, 2016 and June 30, 2015, respectively.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the school division reported a liability of \$10,591,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.08415% as compared to 0.08403% at June 30, 2014.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

**Note 13—Pension Plan: (Continued)**

**Component Unit School Board (professional) (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

For the year ended June 30, 2016, the school division recognized pension expense of \$743,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 146,000
Net difference between projected and actual earnings on pension plan investments	-	648,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,000	121,000
Employer contributions subsequent to the measurement date	<u>981,446</u>	<u>-</u>
Total	<u>\$ 995,446</u>	<u>\$ 915,000</u>

\$981,446 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2017	\$ (320,000)
2018	(320,000)
2019	(320,000)
2020	72,000
2021	(13,000)

**Note 13—Pension Plan: (Continued)**

**Component Unit School Board (professional) (Continued)**

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

**Mortality rates:**

**Pre-Retirement:**

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

**Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

**Post-Disablement:**

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

**Note 13—Pension Plan: (Continued)****Component Unit School Board (professional) (Continued)****Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

**Note 13—Pension Plan: (Continued)****Component Unit School Board (professional) (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset) \$	15,500,000 \$	10,591,000 \$	6,551,000

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF RICHMOND, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2016

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#### *Note 14-Surety Bonds:*

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety:	
Cheryl B. Pierson, Clerk of Circuit Court	\$ 103,000
Kristie S. Brann, Treasurer	300,000
Jennifer W. Delano, Commissioner of the Revenue	3,000
Stephan B. Smith, Sheriff	30,000
The above constitutional officer's employee - blanket bond	50,000
The Cincinnati Insurance Company - Surety:	
John David Parr, Supervisor	2,000
William C. Herbert, II, Supervisor	2,000
Richard E. Thomas, Sr., Supervisor	2,000
Robert B. Pemberton, Supervisor	2,000
F. Lee Sanders, Supervisor	2,000
James G. Smith, Superintendent of Schools	10,000
Susan Johns, Director of Finance, School Board	10,000
Janet B. Rice, Assistant Director of Finance, School Board	10,000
All Department of Social Services Employees-blanket bond	100,000

#### *Note 15-Other Postemployment Benefits - Health Insurance:*

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##### **A. Plan Description**

The County allows retirees that retire at the age of 55 with at least 30 years of service with the County or 65 with at least 5 years of service with the County to remain on their health insurance plan. Health benefits include medical and dental. The retiree is responsible for 100% of the premium which is paid directly to Anthem. Benefits are offered to the retiree and spouse for the lifetime of the retiree.

The School Board allows retirees that retire at the age of 50 with a least 12 consecutive years of service to remain on their health insurance plan until the age of 65. This coverage is at the retiree's own expense. Health benefits include medical only.

The School Board allows retirees that retire at the age of 55 with at least 12 consecutive years of service to remain on their health insurance plan until the age of 65. The School Board pays a portion of each retiree's premium at a rate to be determined annually by the School Board. Health benefits include medical only.

##### **B. Funding Policy**

The funding policies of both groups of retirees are described above. The School Board currently has 8 retirees and 1 spouse on their plan. The County has 1 retiree with 1 spouse.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 15-Other Postemployment Benefits - Health Insurance: (Continued)*

**C. Annual OPEB Cost and Net OPEB Obligation**

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	Primary Government	Component Unit School Board
Annual required contribution	\$ 12,900	\$ 60,600
Interest on net OPEB obligation	1,202	4,715
Adjustment to annual required contribution	(1,270)	(6,020)
Annual OPEB cost (expense)	\$ 12,832	\$ 59,295
Contributions made	(7,000)	(60,600)
Increase in net OPEB obligation	5,832	(1,305)
Net OPEB obligation-beginning of year	34,352	134,701
Net OPEB obligation-end of year	\$ 40,184	\$ 133,396

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 15–Other Postemployment Benefits - Health Insurance: (Continued)*

**C. Annual OPEB Cost and Net OPEB Obligation (Continued)**

The County and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2016 \$	12,832	54.55% \$	40,184
6/30/2015	11,441	58.56%	34,352
6/30/2014	10,953	48.39%	29,611
Component Unit School Board:			
6/30/2016 \$	59,295	102.20% \$	133,396
6/30/2015	65,304	45.17%	134,701
6/30/2014	62,867	50.42%	98,897

**D. Funded Status and Funding Progress**

As of June 30, 2016, the most recent actuarial valuation date, the County’s actuarial accrued liability for benefits was \$145,900, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,541,300, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 5.74 percent.

As of June 30, 2016, the most recent actuarial valuation date, the School Board’s actuarial accrued liability for benefits was \$622,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,904,700, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.54 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Note 15-Other Postemployment Benefits - Health Insurance: (Continued)*

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**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees*-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

*Mortality*-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2020 using Scale AA.

*Coverage elections* -The actuary assumed that 40% of eligible retirees will elect coverage and that 30% of retirees who elect coverage will cover a spouse.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 3.5% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was 24.5 years.

*Note 16-Other Postemployment Benefits - Health Insurance Credit:*

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**A. Plan Description**

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

*Note 16-Other Postemployment Benefits - Health Insurance Credit: (Continued)*

**A. Plan Description (Continued)**

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 13.

**B. Funding Policy**

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2016, 2015, and 2014 were \$73,775, \$61,076 and \$68,700, respectively and equaled the required contributions for each year.

*Note 17-Restatement of Net Position/Fund Balance:*

The following adjustments were made to beginning net position and fund balance:

	Governmental Activities Net Position	General Fund Fund Balance
Balance as previously reported	\$ 5,046,418	\$ 458,845
Loan proceeds that were previously reported as grant income in the prior period	<u>(73,860)</u>	<u>(73,860)</u>
Balance as restated	<u>\$ 4,972,558</u>	<u>\$ 384,985</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 18-Postclosure Costs:*

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The County demonstrated financial assurance requirements for postclosure care and corrective action costs, if any, through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. In addition, the County closed its landfill in August 1996 and is liable for postclosure monitoring for a period of ten years. The amount reported as landfill postclosure liability at June 30, 2016 represents the estimated liability for postclosure monitoring of \$0 over a period of one year. This amount may be higher due to inflation, changes in technology or changes in regulations.

*Note 19-Upcoming Pronouncements:*

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Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
AS OF JUNE 30, 2016

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*Note 19-Upcoming Pronouncements:*

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Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

*REQUIRED SUPPLEMENTARY INFORMATION*

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County of Richmond, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 7,335,000	\$ 7,335,000	\$ 7,647,553	\$ 312,553
Other local taxes	1,445,000	1,445,000	1,508,226	63,226
Permits, privilege fees, and regulatory licenses	55,600	55,600	54,875	(725)
Fines and forfeitures	33,000	33,000	41,110	8,110
Revenue from the use of money and property	16,000	16,000	16,040	40
Charges for services	345,500	345,500	340,203	(5,297)
Miscellaneous	25,000	25,000	149,040	124,040
Recovered costs	1,140,550	1,140,550	781,425	(359,125)
Intergovernmental:				
Commonwealth	3,176,355	3,176,355	3,233,068	56,713
Federal	658,827	658,827	792,054	133,227
Total revenues	<u>\$ 14,230,832</u>	<u>\$ 14,230,832</u>	<u>\$ 14,563,594</u>	<u>\$ 332,762</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 985,531	\$ 1,226,100	\$ 1,221,390	\$ 4,710
Judicial administration	634,823	622,700	629,439	(6,739)
Public safety	2,528,481	2,731,918	2,670,798	61,120
Public works	876,058	944,500	1,041,407	(96,907)
Health and welfare	2,365,266	2,363,650	2,222,780	140,870
Education	5,145,877	5,399,004	4,962,276	436,728
Parks, recreation, and cultural	146,789	167,960	167,886	74
Community development	273,520	218,300	217,722	578
Nondepartmental	81,988	118,000	66,227	51,773
Capital projects	-	-	238,509	(238,509)
Debt service:				
Principal retirement	903,709	903,709	903,709	-
Interest and other fiscal charges	546,291	597,791	650,235	(52,444)
Total expenditures	<u>\$ 14,488,333</u>	<u>\$ 15,293,632</u>	<u>\$ 14,992,378</u>	<u>\$ 301,254</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (257,501)</u>	<u>\$ (1,062,800)</u>	<u>\$ (428,784)</u>	<u>\$ 634,016</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 165,735	\$ 165,735
Issuance of USDA loan	-	-	32,200	32,200
Issuance of capital lease	-	-	83,000	83,000
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,935</u>	<u>\$ 280,935</u>
Net change in fund balances	\$ (257,501)	\$ (1,062,800)	\$ (147,849)	\$ 914,951
Fund balances - beginning, as restated	257,501	1,062,800	384,985	(677,815)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,136</u>	<u>\$ 237,136</u>

County of Richmond, Virginia  
 Sheriff's Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental:				
Federal	\$ -	\$ -	\$ 52,925	\$ 52,925
Total revenues	\$ -	\$ -	\$ 52,925	\$ 52,925
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ -	\$ 62,018	\$ (62,018)
Total expenditures	\$ -	\$ -	\$ 62,018	\$ (62,018)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (9,093)	\$ (9,093)
Net change in fund balances	\$ -	\$ -	\$ (9,093)	\$ (9,093)
Fund balances - beginning	-	-	21,813	21,813
Fund balances - ending	\$ -	\$ -	\$ 12,720	\$ 12,720

## County of Richmond, Virginia

## Schedule of OPEB Funding Progress - Retiree Health Insurance Plan

For the Year Ended June 30, 2016

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UUAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
Primary Government:						
6/30/2010	\$ -	\$ 94,400	94,400	0.00%	\$ 2,615,600	3.61%
6/30/2013	-	101,600	101,600	0.00%	2,861,900	3.55%
6/30/2016	-	145,900	145,900	0.00%	2,541,300	5.74%
Discretely Presented Component Unit:						
6/30/2010	\$ -	\$ 594,800	594,800	0.00%	\$ 6,648,200	8.95%
6/30/2013	-	606,600	606,600	0.00%	6,351,400	9.55%
6/30/2016	-	622,600	622,600	0.00%	5,904,700	10.54%

County of Richmond, Virginia  
Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
Primary Government  
For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 312,395	\$ 312,258
Interest	823,735	785,883
Differences between expected and actual experience	72,953	-
Benefit payments, including refunds of employee contributions	(563,297)	(551,499)
Net change in total pension liability	\$ 645,786	\$ 546,642
Total pension liability - beginning	12,049,287	11,502,645
Total pension liability - ending (a)	\$ 12,695,073	\$ 12,049,287
Plan fiduciary net position		
Contributions - employer	\$ 286,796	\$ 295,531
Contributions - employee	131,462	129,721
Net investment income	524,724	1,575,513
Benefit payments, including refunds of employee contributions	(563,297)	(551,499)
Administrative expense	(7,222)	(8,508)
Other	(115)	83
Net change in plan fiduciary net position	\$ 372,348	\$ 1,440,841
Plan fiduciary net position - beginning	11,465,318	10,024,477
Plan fiduciary net position - ending (b)	\$ 11,837,666	\$ 11,465,318
County's net pension liability - ending (a) - (b)	\$ 857,407	\$ 583,969
Plan fiduciary net position as a percentage of the total pension liability	93.25%	95.15%
Covered payroll	\$ 2,663,210	\$ 2,595,777
County's net pension liability as a percentage of covered payroll	32.19%	22.50%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia  
Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios  
Component Unit School Board (nonprofessional)  
For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 22,347	\$ 29,025
Interest	43,291	39,965
Differences between expected and actual experience	8,918	-
Benefit payments, including refunds of employee contributions	(24,197)	(18,758)
Net change in total pension liability	\$ 50,359	\$ 50,232
Total pension liability - beginning	630,545	580,313
Total pension liability - ending (a)	\$ 680,904	\$ 630,545
Plan fiduciary net position		
Contributions - employer	\$ 9,175	\$ 19,067
Contributions - employee	11,112	10,737
Net investment income	37,184	110,415
Benefit payments, including refunds of employee contributions	(24,197)	(18,758)
Administrative expense	(506)	(579)
Other	(8)	6
Net change in plan fiduciary net position	\$ 32,760	\$ 120,888
Plan fiduciary net position - beginning	811,140	690,252
Plan fiduciary net position - ending (b)	\$ 843,900	\$ 811,140
School Division's net pension liability (asset) - ending (a) - (b)	\$ (162,996)	\$ (180,595)
Plan fiduciary net position as a percentage of the total pension liability	123.94%	128.64%
Covered payroll	\$ 230,452	\$ 214,727
School Division's net pension liability (asset) as a percentage of covered payroll	-70.73%	-84.10%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia  
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Year Ended June 30, 2016\*

	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.08415%	0.08403%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,591,000	\$ 10,155,000
Employer's Covered Payroll	6,256,593	6,189,228
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	169.28%	164.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

\* The amounts presented have a measurement date of the previous fiscal year end.

County of Richmond, Virginia  
Schedule of Employer Contributions  
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2016	\$ 281,909	\$ 281,909	\$ -	\$ 2,600,637	10.84%
2015	286,796	286,796	-	2,663,210	10.77%
2014	295,831	295,831	-	2,597,287	11.39%
2013	282,363	282,363	-	2,479,042	11.39%
2012	225,169	225,169	-	2,452,821	9.18%
2011	223,295	223,295	-	2,432,407	9.18%
2010	210,841	210,841	-	2,471,755	8.53%
2009	198,153	198,153	-	2,323,019	8.53%
2008	121,862	121,862	-	2,058,475	5.92%
2007	103,324	103,324	-	1,871,803	5.52%
<b>Component Unit School Board (nonprofessional)</b>					
2016	\$ 3,947	\$ 3,947	\$ -	\$ 94,878	4.16%
2015	9,175	9,175	-	230,452	3.98%
2014	19,068	19,068	-	214,727	8.88%
2013	21,196	21,196	-	238,694	8.88%
2012	20,084	20,084	-	232,992	8.62%
2011	21,468	21,468	-	249,045	8.62%
2010	24,767	24,767	-	249,162	9.94%
2009	22,757	22,757	-	228,945	9.94%
2008	20,911	20,911	-	179,188	11.67%
2007	19,589	19,589	-	167,858	11.67%
<b>Component Unit School Board (professional)</b>					
2016	\$ 981,446	\$ 981,446	\$ -	\$ 6,305,596	15.56%
2015	907,206	907,206	-	6,256,593	14.50%
2014	721,664	721,664	-	6,189,228	11.66%
2013	706,155	706,155	-	6,056,218	11.66%
2012	383,385	383,385	-	6,056,635	6.33%
2011	238,581	238,581	-	6,070,763	3.93%
2010	531,769	531,769	-	6,035,970	8.81%
2009	526,582	526,582	-	5,977,094	8.81%
2008	573,652	573,652	-	5,569,437	10.30%
2007	504,023	504,023	-	5,478,511	9.20%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2016

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In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES*

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County of Richmond, Virginia  
 Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 499	\$ 499
Total revenues	\$ -	\$ -	\$ 499	\$ 499
Excess (deficiency) of revenues over (under)				
expenditures	\$ -	\$ -	\$ 499	\$ 499
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (165,735)	\$ (165,735)
Total other financing sources (uses)	\$ -	\$ -	\$ (165,735)	\$ (165,735)
Net change in fund balances	\$ -	\$ -	\$ (165,236)	\$ (165,236)
Fund balances - beginning	-	-	216,190	216,190
Fund balances - ending	\$ -	\$ -	\$ 50,954	\$ 50,954

County of Richmond, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

	Agency Funds			
	<u>Library</u>	<u>Special Welfare</u>	<u>Northern Neck Regional Vocational Center</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 22,233	\$ 11,431	\$ 435,229	\$ 468,893
Total assets	<u>\$ 22,233</u>	<u>\$ 11,431</u>	<u>\$ 435,229</u>	<u>\$ 468,893</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 22,233	\$ -	\$ -	\$ 22,233
Amounts held for social services clients	-	11,431	-	11,431
Amounts held for Northern Neck Regional Vocational Center	-	-	435,229	435,229
Total liabilities	<u>\$ 22,233</u>	<u>\$ 11,431</u>	<u>\$ 435,229</u>	<u>\$ 468,893</u>

County of Richmond, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Library:</u>				
ASSETS				
Cash and cash equivalents	\$ 25,710	\$ 123,040	\$ 126,517	\$ 22,233
LIABILITIES				
Accounts payable	\$ 25,710	\$ 123,040	\$ 126,517	\$ 22,233
<u>Special Welfare:</u>				
ASSETS				
Cash and cash equivalents	\$ 18,945	\$ 2,439	\$ 9,953	\$ 11,431
LIABILITIES				
Amounts held for social services clients	\$ 18,945	\$ 2,439	\$ 9,953	\$ 11,431
<u>Northern Neck Regional Vocational Center:</u>				
ASSETS				
Cash and cash equivalents	\$ 460,640	\$ 2,237,214	\$ 2,262,625	\$ 435,229
LIABILITIES				
Amounts held for Northern Neck Regional Vocational Center	\$ 460,640	\$ 2,237,214	\$ 2,262,625	\$ 435,229

County of Richmond, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2016

	Balance Beginning <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	Balance End <u>of Year</u>
<u>Local Sales Tax:</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 923,892	\$ 923,892	\$ -
LIABILITIES				
Amounts held for others	\$ -	\$ 923,892	\$ 923,892	\$ -
<u>Total - All Agency Funds:</u>				
ASSETS				
Cash and cash equivalents	\$ 505,295	\$ 3,286,585	\$ 3,322,987	\$ 468,893
LIABILITIES				
Accounts payable	\$ 25,710	\$ 123,040	\$ 126,517	\$ 22,233
Amounts held for social services clients	18,945	2,439	9,953	11,431
Amounts held for Northern Neck Regional Vocational Center	460,640	2,237,214	2,262,625	435,229
Amounts held for others	-	923,892	923,892	-
Total liabilities	\$ 505,295	\$ 3,286,585	\$ 3,322,987	\$ 468,893

*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

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County of Richmond, Virginia  
Combining Balance Sheet - Governmental Funds  
Discretely Presented Component Unit - School Board  
June 30, 2016

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 93,500	\$ 93,500
Receivables (net of allowance for uncollectibles):			
Accounts receivable	126,079	-	126,079
Due from other funds	-	27,522	27,522
Due from other governmental units	898,177	-	898,177
Inventories	-	13,652	13,652
Total assets	<u>\$ 1,024,256</u>	<u>\$ 134,674</u>	<u>\$ 1,158,930</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 69,902	\$ 34,745	\$ 104,647
Accrued liabilities	926,832	-	926,832
Due to other funds	27,522	-	27,522
Total liabilities	<u>\$ 1,024,256</u>	<u>\$ 34,745</u>	<u>\$ 1,059,001</u>
<b>Fund balances:</b>			
Nonspendable	\$ -	\$ 13,652	\$ 13,652
Committed:			
School Cafeteria Fund	\$ -	\$ 86,277	\$ 86,277
Total fund balances	<u>\$ -</u>	<u>\$ 99,929</u>	<u>\$ 99,929</u>
Total liabilities and fund balances	<u>\$ 1,024,256</u>	<u>\$ 134,674</u>	<u>\$ 1,158,930</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 99,929
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost		\$ 8,296,245	
Accumulated depreciation		<u>(3,455,549)</u>	4,840,696
The net pension asset is not an available resource and, therefore, is not reported in the funds.			162,996
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Items related to measurement of net pension liability			(936,485)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.			
			985,393
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		\$ (143,022)	
Capital leases		(228,462)	
Net pension liability		(10,591,000)	
Increase (decrease) in deferred outflows related to measurement of net pension liability		19,590	
Net OPEB obligation		<u>(133,396)</u>	(11,076,290)
Net position of governmental activities			<u>\$ (5,923,761)</u>

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County of Richmond, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2016

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 4,530	\$ 28	\$ 4,558
Charges for services	-	120,068	120,068
Miscellaneous	405,796	890	406,686
Recovered costs	47,957	-	47,957
Intergovernmental:			
Local government	4,952,629	-	4,952,629
Commonwealth	7,964,129	-	7,964,129
Federal	971,589	33,856	1,005,445
Total revenues	\$ 14,346,630	\$ 154,842	\$ 14,501,472
<b>EXPENDITURES</b>			
Current:			
Education	\$ 13,860,078	\$ 596,843	\$ 14,456,921
Debt service:			
Principal retirement	74,718	-	74,718
Interest and other fiscal charges	5,165	-	5,165
Total expenditures	\$ 13,939,961	\$ 596,843	\$ 14,536,804
Excess (deficiency) of revenues over (under) expenditures	\$ 406,669	\$ (442,001)	\$ (35,332)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 406,669	\$ 406,669
Transfers out	(406,669)	-	(406,669)
Total other financing sources (uses)	\$ (406,669)	\$ 406,669	\$ -
Net change in fund balances	\$ -	\$ (35,332)	\$ (35,332)
Fund balances - beginning	-	135,261	135,261
Fund balances - ending	\$ -	\$ 99,929	\$ 99,929
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above		\$	(35,332)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:			
Capital asset additions			287,867
Depreciation expense			(538,883)
Transfer of joint tenancy assets to Component Unit School Board from Primary Government			1,954,788
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			
			(8,644)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
(Increase) decrease in items related to measurement of net pension liability			774,899
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
			74,718
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Decrease (increase) in compensated absences			14,524
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date			89,980
Increase (decrease) in deferred outflows related to measurement of net pension liability			19,590
Decrease (increase) in net pension liability			(436,000)
Increase (decrease) in net pension asset			(17,599)
Decrease (increase) in Net OPEB obligation			1,305
Change in net position of governmental activities		\$	2,181,213

County of Richmond, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2016

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,530	\$ 4,530
Charges for services	-	-	-	-
Miscellaneous	324,940	324,940	405,796	80,856
Recovered costs	271,619	271,619	47,957	(223,662)
Intergovernmental:				
Local government	5,136,230	5,389,357	4,952,629	(436,728)
Commonwealth	7,531,690	7,531,690	7,964,129	432,439
Federal	935,926	935,926	971,589	35,663
Total revenues	\$ 14,200,405	\$ 14,453,532	\$ 14,346,630	\$ (106,902)
EXPENDITURES				
Current:				
Education	\$ 13,560,630	\$ 13,813,757	\$ 13,860,078	\$ (46,321)
Debt service:				
Principal retirement	-	-	74,718	(74,718)
Interest and other fiscal charges	-	-	5,165	(5,165)
Total expenditures	\$ 13,560,630	\$ 13,813,757	\$ 13,939,961	\$ (126,204)
Excess (deficiency) of revenues over (under) expenditures	\$ 639,775	\$ 639,775	\$ 406,669	\$ (233,106)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(639,775)	(639,775)	(406,669)	233,106
Total other financing sources (uses)	\$ (639,775)	\$ (639,775)	\$ (406,669)	\$ 233,106
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ 28	\$	28
-	-	120,068		120,068
-	-	890		890
-	-	-		-
-	-	-		-
-	-	-		-
-	33,856	33,856		-
\$ -	\$ 33,856	\$ 154,842	\$	120,986
\$ 639,775	\$ 673,631	\$ 596,843	\$	76,788
-	-	-		-
-	-	-		-
\$ 639,775	\$ 673,631	\$ 596,843	\$	76,788
\$ (639,775)	\$ (639,775)	\$ (442,001)	\$	197,774
\$ 639,775	\$ 639,775	\$ 406,669	\$	(233,106)
-	-	-		-
\$ 639,775	\$ 639,775	\$ 406,669	\$	(233,106)
\$ -	\$ -	\$ (35,332)	\$	(35,332)
-	-	135,261		135,261
\$ -	\$ -	\$ 99,929	\$	99,929

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*DISCRETELY PRESENTED COMPONENT UNIT  
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Richmond, Virginia  
Statement of Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2016

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	Industrial Development <u>Authority</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 56,022
Capital assets:	
Land	56,739
Total assets	<u>\$ 112,761</u>
<b>NET POSITION</b>	
Investment in capital assets	\$ 56,739
Unrestricted	56,022
Total net position	<u>\$ 112,761</u>

County of Richmond, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2016

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	Industrial Development <u>Authority</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Rents	\$ 2,300
Miscellaneous	13,612
Total operating revenues	<u>\$ 15,912</u>
<b>OPERATING EXPENSES</b>	
Other charges	\$ 28,596
Total operating expenses	<u>\$ 28,596</u>
Operating income (loss)	<u>\$ (12,684)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 21
Total nonoperating revenues (expenses)	<u>\$ 21</u>
Changes in net position	\$ (12,663)
Net position - beginning	125,424
Net position - ending	<u><u>\$ 112,761</u></u>

County of Richmond, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2016

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## CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 15,912
Other receipts (payments)	(28,596)
Net cash provided by (used for) operating activities	<u>\$ (12,684)</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 21
Net cash provided by (used for) investing activities	<u>\$ 21</u>

Net increase (decrease) in cash and cash equivalents \$ (12,663)

Cash and cash equivalents - beginning 68,685  
Cash and cash equivalents - ending \$ 56,022

Reconciliation of operating income (loss) to net cash  
provided by (used for) operating activities:

Operating income (loss)	\$ (12,684)
Net cash provided by (used for) operating activities	<u>\$ (12,684)</u>

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## *SUPPORTING SCHEDULES*

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County of Richmond, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,210,000	\$ 5,210,000	\$ 5,295,372	\$ 85,372
Real and personal public service corporation taxes	415,000	415,000	452,258	37,258
Personal property taxes	1,526,000	1,526,000	1,678,745	152,745
Mobile home taxes	16,000	16,000	16,950	950
Merchant's capital taxes	53,000	53,000	61,867	8,867
Machinery and tools taxes	10,000	10,000	8,799	(1,201)
Penalties	70,000	70,000	82,659	12,659
Interest	35,000	35,000	50,903	15,903
Total general property taxes	\$ 7,335,000	\$ 7,335,000	\$ 7,647,553	\$ 312,553
Other local taxes:				
Local sales and use taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,306,484	\$ 56,484
Consumers' utility taxes	125,000	125,000	122,891	(2,109)
Consumption tax	24,000	24,000	20,050	(3,950)
Taxes on recordation and wills	46,000	46,000	58,801	12,801
Total other local taxes	\$ 1,445,000	\$ 1,445,000	\$ 1,508,226	\$ 63,226
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 5,201	\$ (2,799)
Transfer fees	350	350	315	(35)
Permits and other licenses	47,250	47,250	49,359	2,109
Total permits, privilege fees, and regulatory licenses	\$ 55,600	\$ 55,600	\$ 54,875	\$ (725)
Fines and forfeitures:				
Court fines and forfeitures	\$ 33,000	\$ 33,000	\$ 41,110	\$ 8,110
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 9,414	\$ (586)
Revenue from use of property	6,000	6,000	6,626	626
Total revenue from use of money and property	\$ 16,000	\$ 16,000	\$ 16,040	\$ 40
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 1,116	\$ 116
Charges for courthouse maintenance	4,000	4,000	4,496	496
Charges for courthouse security	15,000	15,000	23,871	8,871
Charges for other court costs	350	350	867	517
Charges for Commonwealth's Attorney	500	500	1,096	596
Charges for EMS billings	320,000	320,000	304,766	(15,234)
Charges for correction and detention	-	-	939	939
Charges for other protection	4,150	4,150	3,052	(1,098)
Charges for sales of publications	500	500	-	(500)
Total charges for services	\$ 345,500	\$ 345,500	\$ 340,203	\$ (5,297)

County of Richmond, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 25,000	\$ 25,000	\$ 149,040	\$ 124,040
Recovered costs:				
Streetlights	\$ -	\$ -	\$ 1,890	\$ 1,890
Court services unit	15,750	15,750	17,563	1,813
Other recovered costs	1,124,800	1,124,800	761,972	(362,828)
Total recovered costs	\$ 1,140,550	\$ 1,140,550	\$ 781,425	\$ (359,125)
Total revenue from local sources	\$ 10,395,650	\$ 10,395,650	\$ 10,538,472	\$ 142,822
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Mobile home titling tax	14,000	14,000	16,050	2,050
Motor vehicle rental tax	-	-	2,211	2,211
State recordation tax	16,000	16,000	15,513	(487)
Communications tax	312,000	312,000	297,539	(14,461)
Personal property tax relief funds	803,954	803,954	803,955	1
Total noncategorical aid	\$ 1,146,954	\$ 1,146,954	\$ 1,135,268	\$ (11,686)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 168,531	\$ 168,531	\$ 167,331	\$ (1,200)
Sheriff	646,774	646,774	643,878	(2,896)
Commissioner of revenue	61,130	61,130	60,402	(728)
Treasurer	74,703	74,703	75,047	344
Medical examiner	90	90	-	(90)
Registrar/electoral board	28,000	28,000	39,080	11,080
Clerk of the Circuit Court	144,347	144,347	153,390	9,043
Total shared expenses	\$ 1,123,575	\$ 1,123,575	\$ 1,139,128	\$ 15,553
Other categorical aid:				
Four for life grant	\$ 9,739	\$ 9,739	\$ 10,233	\$ 494
Fire program funds	19,500	19,500	24,538	5,038
Comprehensive services act program	243,500	243,500	282,689	39,189
Public assistance and welfare administration	329,350	329,350	260,274	(69,076)
Litter control grant	6,300	6,300	-	(6,300)
Domestic violence grant	40,000	40,000	21,700	(18,300)

County of Richmond, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DMV selective enforcement	\$ 25,500	\$ 25,500	\$ -	\$ (25,500)
Wireless grant	41,000	41,000	43,848	2,848
Preschool initiative program	143,337	143,337	143,338	1
PSAP technology grant		-	115,527	115,527
School resource officer	20,000	20,000	21,493	1,493
Farmtown Creak Boat Landing grant	-	-	35,000	35,000
Court security grant	22,000	22,000	-	(22,000)
Other state grants	5,600	5,600	32	(5,568)
Total other categorical aid	<u>\$ 905,826</u>	<u>\$ 905,826</u>	<u>\$ 958,672</u>	<u>\$ 52,846</u>
Total categorical aid	<u>\$ 2,029,401</u>	<u>\$ 2,029,401</u>	<u>\$ 2,097,800</u>	<u>\$ 68,399</u>
Total revenue from the Commonwealth	<u>\$ 3,176,355</u>	<u>\$ 3,176,355</u>	<u>\$ 3,233,068</u>	<u>\$ 56,713</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 8,960	\$ 8,960	\$ 8,817	\$ (143)
Categorical aid:				
Law enforcement grant	\$ 22,400	\$ 22,400	\$ -	\$ (22,400)
Disaster recovery	-	-	7,385	7,385
State and community highway safety	-	-	24,011	24,011
Public assistance and welfare administration	400,000	400,000	476,553	76,553
QSCB interest rate subsidy	216,847	216,847	217,781	934
USDA equipment grant	-	-	37,800	37,800
Asset forfeiture funds	-	-	2,337	2,337
Electoral Board grant	-	-	3,500	3,500
Byrne justice assistance grant program	10,620	10,620	13,870	3,250
Total categorical aid	<u>\$ 649,867</u>	<u>\$ 649,867</u>	<u>\$ 783,237</u>	<u>\$ 133,370</u>
Total revenue from the federal government	<u>\$ 658,827</u>	<u>\$ 658,827</u>	<u>\$ 792,054</u>	<u>\$ 133,227</u>
Total General Fund	<u>\$ 14,230,832</u>	<u>\$ 14,230,832</u>	<u>\$ 14,563,594</u>	<u>\$ 332,762</u>

County of Richmond, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
Sheriff's Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 52,925	\$ 52,925
Total revenue from the federal government	\$ -	\$ -	\$ 52,925	\$ 52,925
Total Sheriff's Fund	\$ -	\$ -	\$ 52,925	\$ 52,925
Capital Projects Fund:				
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 499	\$ 499
Total revenue from local sources	\$ -	\$ -	\$ 499	\$ 499
Total County Capital Improvements Fund	\$ -	\$ -	\$ 499	\$ 499
Total Primary Government	\$ 14,230,832	\$ 14,230,832	\$ 14,617,018	\$ 386,186
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 4,530	\$ 4,530
Miscellaneous:				
Miscellaneous	\$ 324,940	\$ 324,940	\$ 405,796	\$ 80,856
Total miscellaneous	\$ 324,940	\$ 324,940	\$ 405,796	\$ 80,856
Recovered costs:				
Cafeteria funds	\$ 271,619	\$ 271,619	\$ 291	\$ (271,328)
Other recovered costs	-	-	47,666	47,666
Total recovered costs	\$ 271,619	\$ 271,619	\$ 47,957	\$ (223,662)
Total revenue from local sources	\$ 596,559	\$ 596,559	\$ 458,283	\$ (138,276)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Richmond, Virginia	\$ 5,136,230	\$ 5,389,357	\$ 4,952,629	\$ (436,728)

County of Richmond, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,151,236	\$ 1,151,236	\$ 1,158,987	\$ 7,751
Basic school aid	3,892,482	3,892,482	4,015,031	122,549
At risk payments	162,992	162,992	165,312	2,320
Compensation supplement	67,627	67,627	68,427	800
Early reading intervention	23,145	23,145	21,041	(2,104)
English as a second language	46,966	46,966	35,843	(11,123)
Fringe benefits	723,995	723,995	734,212	10,217
GED preparation assistance	7,859	7,859	9,953	2,094
Gifted and talented	38,363	38,363	38,904	541
Industry certification	-	-	5,546	5,546
Lottery	-	-	34,654	34,654
Mentor teacher program	1,129	1,129	1,261	132
Primary class size	208,287	208,287	199,405	(8,882)
Project graduation	-	-	15,970	15,970
Regular foster care	-	-	1,942	1,942
Remedial education	205,747	205,747	205,603	(144)
Remedial summer education	-	-	5,308	5,308
School food	11,156	11,156	5,490	(5,666)
School security	-	-	65,140	65,140
Special education	604,825	604,825	613,361	8,536
Special education - foster children	8,230	8,230	2,540	(5,690)
Special education - homebound	914	914	2,472	1,558
Special education - jails	7,447	7,447	1,698	(5,749)
SOL algebra readiness	19,360	19,360	19,465	105
Summer school cyber camp	-	-	110,000	110,000
Technology	102,000	102,000	128,000	26,000
Textbook payment	78,538	78,538	44,993	(33,545)
Vocational education	102,845	102,845	104,296	1,451
Vocational education - equipment	-	-	3,265	3,265
Vocational education - occupational preparedness	65,893	65,893	27,860	(38,033)
Vocational education - adult	-	-	47,510	47,510
Workforce readiness	-	-	62,660	62,660
Other state funds	654	654	7,980	7,326
Total categorical aid	\$ 7,531,690	\$ 7,531,690	\$ 7,964,129	\$ 432,439
Total revenue from the Commonwealth	\$ 7,531,690	\$ 7,531,690	\$ 7,964,129	\$ 432,439

County of Richmond, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	\$ 222,595	\$ 222,595	\$ 221,043	\$ (1,552)
Title VI-B, rural and low income	22,443	22,443	37,714	15,271
Vocational education	20,468	20,468	14,947	(5,521)
Title I	251,168	251,168	231,738	(19,430)
Title II, Part A	55,252	55,252	67,586	12,334
Language acquisition	7,000	7,000	491	(6,509)
Parent resource center	-	-	5,737	5,737
Advanced placement testing	-	-	943	943
School lunch and breakfast programs	357,000	357,000	391,390	34,390
Total categorical aid	<u>\$ 935,926</u>	<u>\$ 935,926</u>	<u>\$ 971,589</u>	<u>\$ 35,663</u>
Total revenue from the federal government	<u>\$ 935,926</u>	<u>\$ 935,926</u>	<u>\$ 971,589</u>	<u>\$ 35,663</u>
Total School Operating Fund	<u>\$ 14,200,405</u>	<u>\$ 14,453,532</u>	<u>\$ 14,346,630</u>	<u>\$ (106,902)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 28	\$ 28
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 120,068	\$ 120,068
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 890	\$ 890
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,986</u>	<u>\$ 120,986</u>
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ 33,856	\$ 33,856	\$ -
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ 33,856</u>	<u>\$ 154,842</u>	<u>\$ 120,986</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 14,200,405</u>	<u>\$ 14,487,388</u>	<u>\$ 14,501,472</u>	<u>\$ 14,084</u>

County of Richmond, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 1 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 106,052	\$ 112,000	\$ 115,656	\$ (3,656)
General and financial administration:				
County administrator	\$ 169,174	\$ 266,000	\$ 277,257	\$ (11,257)
Information technology	222,596	252,000	252,720	(720)
Commissioner of revenue	174,945	176,800	182,257	(5,457)
Assessor	30,000	30,000	-	30,000
Treasurer	203,716	223,600	227,588	(3,988)
Total general and financial administration	\$ 800,431	\$ 948,400	\$ 939,822	\$ 8,578
Board of elections:				
Electoral board and officials	\$ 17,711	\$ 103,200	\$ 103,594	\$ (394)
Registrar	61,337	62,500	62,318	182
Total board of elections	\$ 79,048	\$ 165,700	\$ 165,912	\$ (212)
Total general government administration	\$ 985,531	\$ 1,226,100	\$ 1,221,390	\$ 4,710
Judicial administration:				
Courts:				
Circuit court	\$ 66,857	\$ 77,000	\$ 79,765	\$ (2,765)
General district court	10,860	2,200	2,608	(408)
Magistrate	100	-	-	-
Court services unit	30,748	21,500	23,514	(2,014)
Clerk of the circuit court	227,930	220,000	221,374	(1,374)
Total courts	\$ 336,495	\$ 320,700	\$ 327,261	\$ (6,561)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 298,328	\$ 302,000	\$ 302,178	\$ (178)
Total judicial administration	\$ 634,823	\$ 622,700	\$ 629,439	\$ (6,739)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,419,517	\$ 1,480,000	\$ 1,476,157	\$ 3,843
Fire and rescue services:				
Volunteer fire department	\$ 157,000	\$ 190,000	\$ 185,664	\$ 4,336
Volunteer rescue squad	657,764	636,800	583,690	53,110
Total fire and rescue services	\$ 814,764	\$ 826,800	\$ 769,354	\$ 57,446
Correction and detention:				
Juvenile group home	\$ 12,000	\$ 11,698	\$ 11,698	\$ -

County of Richmond, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 2 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 72,759	\$ 81,900	\$ 82,123	\$ (223)
Other protection:				
Animal control	\$ 60,791	\$ 57,000	\$ 57,294	\$ (294)
Civil defense	79,750	80,500	80,418	82
Medical examiner	400	20	20	-
E-911 system	68,500	194,000	193,734	266
Total other protection	\$ 209,441	\$ 331,520	\$ 331,466	\$ 54
Total public safety	\$ 2,528,481	\$ 2,731,918	\$ 2,670,798	\$ 61,120
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 4,150	\$ 4,000	\$ 4,328	\$ (328)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 575,600	\$ 610,500	\$ 693,914	\$ (83,414)
Maintenance of general buildings and grounds:				
General properties	\$ 296,308	\$ 330,000	\$ 343,165	\$ (13,165)
Total public works	\$ 876,058	\$ 944,500	\$ 1,041,407	\$ (96,907)
Health and welfare:				
Health:				
Supplement of local health department	\$ 122,309	\$ 122,000	\$ 121,759	\$ 241
Mental health and mental retardation:				
Community services board	\$ 23,500	\$ 23,500	\$ 23,500	\$ -
Welfare:				
Family development center	\$ 189,957	\$ 190,500	\$ 190,300	\$ 200
Area agency on aging	7,650	7,650	7,650	-
Virginia public assistance	1,684,350	1,620,000	1,507,628	112,372
Tax relief for the elderly	-	-	31,875	(31,875)
Comprehensive services	337,500	400,000	340,068	59,932
Total welfare	\$ 2,219,457	\$ 2,218,150	\$ 2,077,521	\$ 140,629
Total health and welfare	\$ 2,365,266	\$ 2,363,650	\$ 2,222,780	\$ 140,870
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 9,647	\$ 9,647	\$ 9,647	\$ -
Contribution to County School Board	5,136,230	5,389,357	4,952,629	436,728
Total education	\$ 5,145,877	\$ 5,399,004	\$ 4,962,276	\$ 436,728

County of Richmond, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 3 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational programs	\$ 42,500	\$ 62,500	\$ 62,500	\$ -
Cultural enrichment:				
Richmond County museum	\$ 18,129	\$ 19,300	\$ 19,226	\$ 74
Library:				
Contribution to county library	\$ 86,160	\$ 86,160	\$ 86,160	\$ -
Total parks, recreation, and cultural	\$ 146,789	\$ 167,960	\$ 167,886	\$ 74
Community development:				
Planning and community development:				
Planning	\$ 170,451	\$ 142,000	\$ 141,823	\$ 177
Economic development	16,438	14,000	13,592	408
Northern Neck planning district commission	9,500	9,500	9,500	-
Total planning and community development	\$ 196,389	\$ 165,500	\$ 164,915	\$ 585
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Wetlands board	3,207	2,600	2,555	45
Litter and recycling program	5,000	3,700	3,643	57
Total environmental management	\$ 18,207	\$ 16,300	\$ 16,198	\$ 102
Cooperative extension program:				
Extension office	\$ 58,924	\$ 36,500	\$ 36,609	\$ (109)
Total community development	\$ 273,520	\$ 218,300	\$ 217,722	\$ 578
Nondepartmental:				
Other nondepartmental	\$ 81,988	\$ 118,000	\$ 66,227	\$ 51,773
Capital projects:				
School construction	\$ -	\$ -	\$ 238,509	\$ (238,509)
Debt service:				
Principal retirement	\$ 903,709	\$ 903,709	\$ 903,709	\$ -
Interest and other fiscal charges	546,291	597,791	650,235	(52,444)
Total debt service	\$ 1,450,000	\$ 1,501,500	\$ 1,553,944	\$ (52,444)
Total General Fund	\$ 14,488,333	\$ 15,293,632	\$ 14,992,378	\$ 301,254

County of Richmond, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2016

Schedule 2  
Page 4 of 4

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Sheriff's Fund:				
Public safety:				
Other protection:				
Other protection	\$ -	\$ -	\$ 62,018	\$ (62,018)
Total public safety	\$ -	\$ -	\$ 62,018	\$ (62,018)
Total Sheriff's Fund	\$ -	\$ -	\$ 62,018	\$ (62,018)
Total Primary Government	\$ 14,488,333	\$ 15,293,632	\$ 15,054,396	\$ 239,236
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instructional costs	\$ 10,432,709	\$ 10,685,836	\$ 10,943,831	\$ (257,995)
Operating costs:				
Administration, attendance and health services	\$ 872,160	\$ 872,160	\$ 892,336	\$ (20,176)
Pupil transportation	800,187	800,187	747,457	52,730
Operation and maintenance of school plant	1,455,574	1,455,574	1,276,454	179,120
Total operating costs	\$ 3,127,921	\$ 3,127,921	\$ 2,916,247	\$ 211,674
Total education	\$ 13,560,630	\$ 13,813,757	\$ 13,860,078	\$ (46,321)
Debt service:				
Principal retirement	\$ -	\$ -	\$ 74,718	\$ (74,718)
Interest and other fiscal charges	-	-	5,165	(5,165)
Total debt service	\$ -	\$ -	\$ 79,883	\$ (79,883)
Total School Operating Fund	\$ 13,560,630	\$ 13,813,757	\$ 13,939,961	\$ (126,204)
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 639,775	\$ 639,775	\$ 562,987	\$ 76,788
Commodities	-	33,856	33,856	-
Total school food services	\$ 639,775	\$ 673,631	\$ 596,843	\$ 76,788
Total education	\$ 639,775	\$ 673,631	\$ 596,843	\$ 76,788
Total School Cafeteria Fund	\$ 639,775	\$ 673,631	\$ 596,843	\$ 76,788
Total Discretely Presented Component Unit - School Board	\$ 14,200,405	\$ 14,487,388	\$ 14,536,804	\$ (49,416)

## *STATISTICAL INFORMATION*

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Table 1

County of Richmond, Virginia  
Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2016	\$ 1,201,406	\$ 670,488	\$ 2,493,259	\$ 1,023,874	\$ 1,630,672	\$ 7,274,186	\$ 88,765	\$ 229,255	\$ 583,898	\$ 15,195,803
2015	1,010,419	672,506	2,387,427	895,848	1,570,764	5,215,355	115,768	233,541	589,396	12,691,024
2014	1,120,423	710,582	2,402,184	846,800	1,690,009	5,642,298	162,972	228,685	575,697	13,379,650
2013	1,073,266	685,595	2,363,407	862,389	1,444,859	5,316,656	614,679	296,212	666,508	13,323,571
2012	1,157,245	701,428	2,205,361	968,585	1,480,014	4,888,913	385,484	210,363	306,399	12,303,792
2011	1,189,224	696,062	2,308,389	818,640	1,521,335	5,390,116	120,655	217,423	185,898	12,447,742
2010	1,247,741	707,540	1,967,062	826,963	1,504,350	4,819,073	165,934	165,662	470,384	11,874,709
2009	887,637	738,746	2,124,489	904,776	1,493,767	4,482,010	124,819	294,235	378,731	11,429,210
2008	864,726	1,233,067	1,585,738	900,170	1,866,168	4,443,785	139,272	311,368	234,691	11,578,985
2007	730,497	648,463	1,418,622	771,453	1,432,078	4,171,087	118,814	177,170	247,003	9,715,187

Table 2

County of Richmond, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years

PROGRAM REVENUES			GENERAL REVENUES										
Fiscal Year	Charges for Services	Operating Grants and Contributions	Grants and								Gain on Sale of Capital Assets	Contributions from Richmond IDA	Total
			General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Gain					
2016	\$ 436,188	\$ 2,933,962	\$ 7,682,309	\$ 1,508,226	\$ 16,539	\$ 149,040	\$ 1,144,085	\$ -	\$ -	-	\$ 13,870,349		
2015	413,529	2,600,508	7,360,601	1,323,118	31,078	184,290	1,204,750	-	-	75,000	13,192,874		
2014	421,007	3,055,840	7,157,053	1,491,479	232,585	119,088	1,146,354	-	-	-	13,623,406		
2013	434,520	2,353,317	7,171,701	1,368,449	62,614	59,131	1,151,877	-	-	-	12,601,609		
2012	475,971	1,977,184	7,099,394	1,274,484	37,213	78,501	1,156,517	-	-	-	12,099,264		
2011	499,826	2,200,305	5,812,489	1,306,532	64,972	58,253	1,210,495	-	-	-	11,152,872		
2010	321,894	2,457,852	5,503,475	1,209,769	88,122	78,697	1,171,538	-	-	-	10,831,347		
2009	390,629	2,133,243	5,484,432	1,605,267	273,471	62,299	844,261	-	-	-	10,793,602		
2008	158,352	2,447,905	5,291,354	1,890,206	249,852	143,575	883,429	75,854	-	-	11,140,527		
2007	126,029	2,201,339	4,965,281	1,941,182	335,739	171,022	916,138	154,704	-	-	10,811,434		

Table 3

County of Richmond, Virginia  
General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2016	\$ 1,221,390	\$ 629,439	\$ 2,732,816	\$ 1,041,407	\$ 2,222,780	\$ 14,466,568	\$ 167,886	\$ 217,722	\$ 66,227	\$ 1,633,827	\$ 24,400,062
2015	1,001,344	654,643	2,564,027	904,524	2,170,967	13,961,741	146,032	242,690	43,544	1,597,674	23,287,186
2014	1,090,274	632,107	2,590,816	848,147	2,390,932	13,857,177	141,032	228,823	68,970	1,474,862	23,323,140
2013	1,020,637	606,017	2,540,282	864,220	2,060,587	13,279,129	140,886	267,170	168,483	1,057,085	22,004,496
2012	1,108,803	634,017	2,351,954	902,538	1,897,136	12,603,436	141,132	238,211	124,402	3,686,465	23,688,094
2011	1,164,161	608,545	2,279,225	832,318	1,847,211	12,441,861	137,909	274,025	140,371	724,236	20,449,862
2010	1,190,412	662,736	2,488,050	882,014	1,509,373	13,019,411	144,436	275,542	150,988	846,569	21,169,531
2009	945,269	672,311	2,225,390	923,742	1,490,733	12,929,843	138,294	311,486	122,877	740,525	20,500,470
2008	850,599	675,746	1,661,920	912,019	1,863,998	12,179,225	129,529	292,957	85,043	601,335	19,252,371
2007	713,750	615,881	1,526,306	780,781	1,427,785	11,673,412	118,814	244,181	77,908	602,693	17,781,511

(1) Includes general and special revenue funds of the Primary Government, and its Discretely Presented Component Unit-School Board; excludes capital projects expenditures.

Table 4

County of Richmond, Virginia  
General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2016	\$ 7,647,553	\$ 1,508,226	\$ 54,875	\$ 41,110	\$ 20,598	\$ 460,271	\$ 555,726	\$ 829,382	\$ 13,047,621	\$ 24,165,362
2015	7,431,289	1,323,118	58,390	37,152	25,025	436,648	275,897	946,669	12,554,441	23,088,629
2014	7,118,755	1,491,479	53,928	29,785	207,402	447,874	152,141	1,002,971	12,205,371	22,709,706
2013	7,184,262	1,368,449	55,131	26,108	28,612	478,419	206,356	1,186,869	11,059,627	21,593,833
2012	6,972,485	1,274,484	48,535	21,860	25,029	577,097	235,248	904,951	10,752,740	20,812,429
2011	5,955,280	1,306,532	53,247	26,086	65,099	575,620	141,161	738,210	11,003,032	19,864,267
2010	5,324,410	1,209,769	53,083	31,958	88,280	439,430	115,188	629,433	11,760,077	19,651,628
2009	5,427,144	1,605,267	63,041	39,536	188,999	514,400	93,032	423,577	11,322,727	19,677,723
2008	5,271,537	1,890,206	67,647	50,216	146,054	288,076	216,495	354,020	10,975,894	19,260,145
2007	4,956,725	1,941,203	62,798	39,383	336,316	266,775	204,572	286,488	10,509,405	18,603,665

(1) Includes general and special revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board; excludes capital projects funds.

Table 5

County of Richmond, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1, 2)	Percent of	
						Total Tax Collections to Tax Levy			Total Tax Collections to Tax Levy	
2016	\$ 8,357,577	\$ 7,995,339	95.67%	\$ 244,771	8,240,110	98.59%	\$	410,884	98.59%	4.92%
2015	8,129,588	7,772,456	95.61%	294,468	8,066,924	99.23%		385,381	99.23%	4.74%
2014	7,972,187	7,599,200	95.32%	223,201	7,822,401	98.12%		443,024	98.12%	5.56%
2013	7,850,271	7,630,099	97.20%	240,504	7,870,603	100.26%		362,749	100.26%	4.62%
2012	7,811,023	7,485,794	95.84%	186,686	7,672,480	98.23%		379,082	98.23%	4.85%
2011	6,670,585	6,363,482	95.40%	283,844	6,647,326	99.65%		252,172	99.65%	3.78%
2010	6,025,304	5,878,951	97.57%	169,423	6,048,374	100.38%		323,834	100.38%	5.37%
2009	6,268,800	6,001,076	95.73%	139,341	6,140,417	97.95%		277,366	97.95%	4.42%
2008	5,935,338	5,893,054	99.29%	100,343	5,993,397	100.98%		261,891	100.98%	4.41%
2007	5,651,753	5,550,726	98.21%	130,459	5,681,185	100.52%		257,444	100.52%	4.56%

(1) Exclusive of penalties and interest.

(2) Delinquent tax collections are exclusive of land redemptions.

Table 6

County of Richmond, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
					Real Estate	Personal Property		
2016	\$ 791,569,124	\$ 61,822,591	\$ 3,405,019	\$ 1,798,680	\$ 59,110,301	\$ 1,499,177	\$ 919,204,892	
2015	782,102,928	60,970,573	3,317,151	1,769,910	61,611,846	1,384,915	911,157,323	
2014	784,551,166	59,139,690	3,485,854	1,736,997	53,094,641	1,530,251	903,538,599	
2013	783,877,464	56,013,615	3,316,309	1,626,543	54,904,120	1,478,343	901,216,394	
2012	784,113,367	56,928,760	2,419,874	1,645,530	45,720,172	1,157,333	891,985,036	
2011	535,213,370	55,959,138	2,926,283	1,647,700	27,847,132	861,618	624,455,241	
2010	531,312,380	53,760,890	3,079,608	1,690,180	37,964,495	1,206,024	629,013,577	
2009	527,089,300	63,387,130	3,265,563	1,665,480	19,514,656	439,498	615,361,627	
2008	519,347,200	59,893,830	3,585,620	1,511,680	22,174,210	480,370	606,992,910	
2007	508,564,720	59,112,310	3,797,920	1,569,400	25,194,248	529,373	598,767,971	

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Richmond, Virginia  
Property Tax Rates  
Last Ten Fiscal Years

Fiscal Year						Public Utility	
	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital		Real Estate	Personal Property
2016	\$ 0.67	\$ 3.75	\$ 0.40	\$ 3.50	\$	0.67	\$ 3.75
2015	0.67	3.50	0.01	3.50		0.67	3.50
2014	0.67	3.50	0.01	3.50		0.67	3.50
2013	0.67	3.50	0.01	3.50		0.67	3.50
2012	0.67	3.50	0.01	3.50		0.67	3.50
2011	0.79	3.50	0.01	3.50		0.79	3.50
2010	0.70	3.50	0.50	3.50		0.70	3.50
2009	0.70	3.50	0.50	3.50		0.70	3.50
2008	0.67	3.50	0.50	3.50		0.67	3.50
2007	0.67	3.50	0.50	3.50		0.67	3.50

Table 8

County of Richmond, Virginia  
Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands)(2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2016	9,254	\$ 919,205	\$ 16,061,983	1.75%	\$ 1,736
2015	9,254	911,157	16,588,442	1.82%	1,793
2014	9,254	903,539	17,107,931	1.89%	1,849
2013	9,254	901,216	17,564,950	1.95%	1,898
2012	9,254	891,985	2,959,216	0.33%	320
2011	9,254	624,455	3,207,433	0.51%	347
2010	9,254	629,014	3,458,563	0.55%	374
2009	8,809	615,362	1,061,722	0.17%	121
2008	8,809	606,993	1,163,928	0.19%	132
2007	8,809	598,768	1,281,842	0.21%	146

(1) Center for Weldon Cooper Public Service at the University of Virginia from 2000 and 2010 census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

*COMPLIANCE*

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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To The Honorable Members of the Board of Supervisors  
County of Richmond  
Warsaw, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the County of Richmond, Virginia's basic financial statements and have issued our report thereon dated November 25, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Richmond Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Richmond, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Richmond, Virginia's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Richmond, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a long horizontal line.

Richmond, Virginia  
November 25, 2016

# ROBINSON, FARMER, COX ASSOCIATES

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A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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To The Honorable Members of the Board of Supervisors  
County of Richmond  
Warsaw, Virginia

### Report on Compliance for Each Major Federal Program

We have audited County of Richmond, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Richmond, Virginia's major federal programs for the year ended June 30, 2016. County of Richmond, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of County of Richmond, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Richmond, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Richmond, Virginia's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, County of Richmond, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

Management of County of Richmond, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Richmond, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Richmond, Virginia's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "D. Frick", followed by a long horizontal line extending to the right.

Richmond, Virginia  
November 25, 2016

County of Richmond, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Page 1 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	0950115/0950116	\$ 7,086
Temporary Assistance for Needy Families	93.558	0400115/0400116	82,963
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500116	89
Low-Income Home Energy Assistance	93.568	0600415/00600416	9,594
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760116	15,552
Adoption and Legal Guardianship Incentive Payments	93.603	1130115/1130116	(812)
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/090116	503
Foster Care - Title IV-E	93.658	1100115/1100116	87,015
Adoption Assistance	93.659	1120115/1120116	20,613
Social Services Block Grant	93.667	1000115/1000116	51,133
Chafee Foster Care Independence Program	93.674	9150115/9150116	472
Children's Health Insurance Program	93.767	0540115/0540116	3,641
Medical Assistance Program	93.778	1200115/1200116	110,961
Total Department of Health and Human Services			<u>\$ 388,810</u>
Department of Homeland Security:			
Pass Through Payments:			
<i>Department of Emergency Management:</i>			
Disaster Grants Public Assistance (Presidentially Declared Disasters)	97.036	7760200-155	<u>\$ 7,385</u>
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grant Program	10.780	N/A	<u>\$ 70,000</u>
Pass-Through Payments:			
Child Nutrition Cluster:			
<i>Department of Agriculture:</i>			
Food Distribution	10.555	17901-45707	\$ 33,856
<i>Department of Education:</i>			
National School Lunch Program	10.555	17901-40623	275,391
			<u>\$ 309,247</u>
School Breakfast Program	10.553	17901-40591	115,999
			425,246
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010115/0010116	87,743
Total Department of Agriculture			<u>\$ 512,989</u>
Department of Transportation:			
Pass-Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	60507-55138/55144	<u>\$ 24,011</u>

County of Richmond, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Page 2 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Treasury:			
Pass-Through Payments:			
Commonwealth of Virginia Attorney General's Office:			
Forfeited assets	21.000	Unavailable	\$ 55,262
Department of Justice:			
Pass-Through Payments:			
<i>Department of Criminal Justice Service:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001-71100/71200	\$ 13,870
U.S. Election Assistance Commission:			
Pass-Through Payments:			
<i>State Board of Elections:</i>			
Help America Vote Act Requirements Payments	90.401	72302	\$ 3,500
Department of Education:			
Pass-Through Payments:			
<i>Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 231,738
Special Education - Grants to States	84.027	17901-43071	226,780
Career and Technical Education - Basic Grants to States	84.048	17901-61095	14,947
English Language Acquisition State Grants	84.365	17901-60512	491
Advanced Placement Program	84.330	609570	943
Rural Education	84.358	17901-43481	37,714
Supporting Effective Instruction State Grant	84.367	17901-61480	67,586
Total Department of Education			\$ 580,199
Total Expenditures of Federal Awards			\$ 1,656,026

See accompanying notes to schedule of expenditures of federal awards.

County of Richmond, Virginia  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

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Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Richmond, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Richmond, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Richmond, Virginia.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note C - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 792,054
Special Revenue Funds:	
Sheriff's Fund	52,925
Total primary government	<u>\$ 844,979</u>

Component Unit School Board:

School Operating Fund	\$ 971,589
School Cafeteria Fund	33,856
Total Component Unit School Board	<u>\$ 1,005,445</u>

Total federal expenditures per basic financial statements	<u>\$ 1,850,424</u>
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Add: USDA loan proceeds	\$ 32,200
Less: Federal interest subsidy	(217,781)
Less: Payment in Lieu of Taxes	<u>(8,817)</u>

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,656,026</u></u>
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County of Richmond, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

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**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes ✓ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes ✓ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes ✓ no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes ✓ no

Significant deficiency(ies) identified? \_\_\_\_\_ yes ✓ none reported

Type of auditors' report issued on compliance  
for major programs: unmodified

Any findings disclosed that are required to be  
reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_ yes ✓ no

Identification of major programs:

CFDA Number(s)  
10.553/10.555

Name of Federal Program or Cluster  
Child Nutrition Cluster

Dollar threshold used to distinguish between type A  
and type B programs: \$750,000

Auditee qualified as low-risk auditee? ✓ yes \_\_\_\_\_ no

**Section II-Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None

County of Richmond, Virginia  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2016

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There were no prior year findings.

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